

PUBLIC EMPLOYEES' RETIREMENT BOARD

100 North Park Avenue, Room 201

Helena MT 59601

AGENDA

Thursday, July 14, 2011

REGULAR MEETING

President John Nielsen called the regular PERB Meeting to order at 8:35 a.m. on Thursday, July 14, 2011. Roll call was taken and all seven members of the Board were present. Board members and staff present were:

John Nielsen, President
Terry Smith, Vice President
Darcy Halpin, Member
Patrick McKittrick, Member
Scott Moore, Member
Dianna Porter, Member
Timm Twardoski, Member
Roxanne Minnehan, Executive Director
Melanie Symons, Chief Legal Counsel
Flora Sebens, Executive Assistant

Others present: Don Kinman, AFSCME; Beth Long, GWRS; Jill Hindoién, MRPEC; Jerry Williams, Montana Police Protective Association; Scott Grant, Provaliant; Perry Christie, GWL; MPERA staff: Barbara Quinn, Fiscal Services Bureau Chief; Patricia Davis, Member Services Bureau Chief; Kate Talley, Legal Counsel; Jenny Weigand, Education Supervisor; and Renae Justice, Internal Auditor, joined the meeting.

OPEN MEETING

- I. Roll Call** – Six PERB Board members were present. Member Scott Moore arrived at the meeting at approximately 9:45 a.m.
- II. Public/Member Comment** - No comments were given.

Action items

- III. Approval of Meeting Minutes**
 - A. Regular Board Meeting – June 9, 2011**

The minutes of the June 9, 2011, PERB regular open meeting were presented.

Motion: *Member Dianna Porter moved to approve the minutes of the June 9, 2011, PERB Regular Open Meeting.*

Second: *Member Darcy Halpin*

No public comment.

Vote: 5/1 – Member Timm Twardoski abstained due to his absence from the last meeting. Member Scott Moore was not present during this portion of the meeting.

B. Audit Committee Meeting – March 10, 2011

The minutes of the Audit Committee Meeting of March 10, 2011, were presented.

Motion: Vice President Terrence Smith moved to approve the minutes of the March 10, 2011, Audit Committee Meeting.

Second: Member Timm Twardoski

No public comment.

Vote: 2/0 – Only Audit Committee Members voted. Member McKittrick abstained due to his absence from this meeting.

C. Joint Board Meeting (BOI, TRB and PERB) – May 13, 2010

The minutes of the Joint Board Meeting of May 13, 2010, were presented.

Motion: Member Patrick McKittrick moved to approve the minutes of the May 13, 2010, Joint Board Meeting.

Second: Member Darcy Halpin

No public comment.

Vote: 5/1 – Member Dianna Porter abstained due to her absence from this meeting. Member Scott Moore was not present during this portion of the meeting.

IV. Executive Director's Report – Roxanne Minnehan, Executive Director

A. Proposed Rule Amendments – Normal Retirement Age (Melanie Symons)

We recently received word that the IRS is not issuing our determination letters because our plans do not define a specific age for "normal retirement age". Many defined benefit plans, especially public safety plans, define "normal retirement" based on years of service or service and age. New proposed rules drafted for IRS purposes to address "Normal Retirement Age" state that the benefit at "normal retirement age" is non-forfeitable, as suggested by tax counsel, Ice Miller. The Board directed Ms. Symons ask Ice Miller to present the proposed draft rules to the Internal Revenue Service and report back to the Board.

Motion: Vice President Terrence Smith moved to direct staff to ask Ice Miller to present the rule changes to the IRS for review to determine whether or not the proposed rules would be sufficient to address this issue and promote plan

qualification and the issuance of determination letters or not and report back to the Board as to the outcome.

Second: Member Patrick McKittrick

No public comment.

Vote: 6/0 – Member Scott Moore had not arrived to the meeting yet.

B. 457 SEC Settlement – Strong Capital Management (Patricia Davis)

As a result of trading issues, we have received reimbursement checks from Strong Capital Management Distribution Fund. Staff recommends the current members and former investors receive \$10 each with the remainder (approximately \$10) placed in the 457 administrative account to offset administrative expenses.

Motion: Vice President Terrence Smith moved to approve staff recommendation to allocate settlement funds as outlined above, returning \$10.40 to offset plan administrative expenses.

Second: Member Darcy Halpin

No public comment.

Vote: 6/0 – Member Scott Moore had not arrived to the meeting yet.

C. DCRP/457 Target Date Funds (Patricia Davis)

The Board previously voted to remove the Asset Allocation Funds and implement the JP Morgan Smart Retirement Fund family. Upon further investigation, staff has found that Montana State Statue and the 457 Trust Documents prohibit the use of a non-SEC registered investment manager options in the 457 Plan. The Board postponed decision on the DCRP until they hear from Wilshire. Vice President Terrence Smith requested clarification from JP Morgan on whether JP Morgan Smart Retirement Funds will be eligible for inclusion in the DCRP Plan only.

Motion: Vice President Terrence Smith moved to stop removal of the Asset Allocation funds and stop implementation of the JP Morgan Target Date Funds from the 457 Plan only, pending a new recommendation from Wilshire Investments. The Board postponed decision on the DCRP until they hear from Wilshire.

Second: President John Nielsen

No public comment.

Vote: 6/0 – Member Scott Moore had not arrived to the meeting yet.

AMENDED MOTION:

After a discussion with Wilshire Investments, the following motion was made:

Motion: Vice President Terrence Smith moved staff stop the forward motion on the Target Date Funds implementation for either plan and have Wilshire Investments review other Target Date Funds for both the 457 and the DCRP and present them at the July EIAC meeting for recommendation to the Board at the August meeting.

Second: Member Timm Twardoski

No public comment.

Vote: 7/0

D. DCRP/457 Vendor Contracts – Expiration/Renewal (Patricia Davis)

Several defined contribution retirement and deferred compensation plans contracts are due to expire in 2012. Staff is recommending that we renew those that can be renewed and concentrate our efforts on the Stable Value and Wrap provider contracts.

Motion: Member Patrick McKittrick moved to begin the process to renew the Great West Retirement Services and Wilshire Consulting contracts for 1 year under contract renewal options. In 2012 staff will issue an RFP for Stable Value and Wrap services.

Second: Vice President Terrence Smith

No public comment.

Vote: 6/0 – Member Scott Moore had not arrived to the meeting yet.

E. 457 Plan Adoption Agreement & Resolution – Geraldine Public Schools (Kate Talley)

The State of Montana Deferred Compensation (457) Plan is available to all employees of the State and University System. All other governmental agencies must contract with the Board to provide the 457 Plan to their employees. Geraldine Public Schools signed a Resolution and 457 Plan Adoption Agreement, effective September 1, 2011, pending Board approval.

Motion: Vice President Terrence Smith moved to approve the 457 Plan Adoption Agreement with Geraldine Public Schools.

Second: Member Patrick McKittrick

No public comment.

Vote: 6/0 – Member Scott Moore had not arrived to the meeting yet.

Educational items

F. DCRP/457 Fees (Patricia Davis)

It is time to review the fees assessed participants in the PERS Defined Contribution Retirement Plan and the State of Montana Deferred Compensation Plan. This action item is scheduled for the September Board meeting. This month, prior to Board action, Ms. Patricia Davis provided training on the how the fees are determined, assessed and used. Please refer to attached presentation by Ms. Davis.

Discussion items

G. MPERAtiv Program Update (June Dosier/Scott Grant, Provaliant)

Ms. June Dosier, Information Systems Manager, reported the MPERAtiv Project is moving ahead as scheduled. Some activities that have been completed since the last report are:

- MPERA's management team held a strategic planning session in early July to begin development of an MPERA strategic plan. Provaliant prepared a strategic planning document for use at this planning session.
- Business Process Modification –The Imaging Integration Points document was completed, reviewed and approved. Completed documentation and review of the “As-Is” processes with core team and MPERA staff. An outline of the “To-Be” processes was developed.
- Data Cleansing – The Data Cleansing RFP was released on June 20, 2010. Written questions were received and MPERA posted responses to questions on July 6, 2011.
- Imaging – The Imaging RFP has been developed and is at State Procurement Bureau for review and approval.

Activities to be completed in next month

- Develop strategy to mitigate organization change risk. The new LOB solution as well as the BPM efforts may not provide benefit to MPERA if the organization changes recommended aren't implemented.
- Finalize MPERA strategic plan.
- Data Cleansing – RFP responses are due to the State Procurement Bureau on July 18, 2011. MPERA will score responses and notify finalists of interviews. Notification of intent to award is scheduled for August 5, 2011.
- Business Process Modification – The Project is scheduled for completion mid-July with the final acceptance of the “As-Is” Business Processes, Conceptual Design Prototype, Line of Business Integration Points document and project closing documents.
- Imaging – The Imaging RFP is scheduled to be released in mid-July.

H. Conference Report – NAPPA (Melanie Symons/Kate Talley)

Ms. Symons and Ms. Talley reported on the NAPPA Conference they attended June 21-24, 2011 in Seattle, Washington. Please see attached report.

I. Committee Reports (Committee Chairs)

- Mr. Carroll South is retiring as Executive Director from the Montana Board of Investments at the end of this year.
- An unfair labor practice hearing is scheduled for October 6-7, 2011, before the State Board of Personnel Appeals. The state and unions are the parties. The Department of Labor and Industry is working on finding an auditorium big enough for the hearing to accommodate the mass crowds expected to attend this hearing.

J. SAVA Update (Roxanne Minnehan)

The SAVA Committee had its first meeting June 24, 2011. Committee Member Senator Anders Blewett was replaced with Senator Kendall Van Dyk from Billings. Representative Ingraham was voted as Chair and Senator Van Dyk was voted as Vice-Chair. Representative Ingraham mentioned the MPERA newsletter which gave credit to democrat-sponsored bills and not the republican-sponsored bills. Representative Ingraham found it offensive. Ms. Patricia Davis attended this meeting on behalf of Ms. Minnehan and explained the oversight to Representative Ingraham and the committee and apologized. SAVA is planning to send Senator Arthun and Senator Jent to the NCSL conference in San Antonio in August. They have estimated the cost at approximately \$2,000 each and have allotted each \$1,200. The senators will either pick up the remaining balance themselves, request their respective leadership for financial assistance, or request leadership to contact NCSL for a small scholarship to help. Representative Blyton is also attending the meeting for transportation issues. The Board asked whether they can attend NCSL. Ms. Minnehan indicated she will check to see if non-legislators can attend these meetings. The next SAVA meeting is scheduled for October 20, 2011.

K. Executive Director Verbal Update (Roxanne Minnehan)

Staffing Update

- a. Retiree Database Support – Ms. Kristy Klein starts Monday, July 18, 2011.
- b. Refund Clerk – In the process of checking references for a possible candidate.
- c. DB Accounting Tech – We are returning to the pool of applicants for more interviews.
- d. Document Scanner Technician – The job profile was sent to the Department of Administration for classification.

iPad Update

- a. The cost to purchase twelve E-readers and obtain wireless access has been added to the Fiscal Year 2012 budget, already approved by the Board.

- b. A business case is being developed for the use of the iPads. The business case will address benefits, risks and security. The plan is to have this completed for inclusion in the August Board packet.
- c. Also, the IT Department will research how to instruct Board members to best use the iPads, i.e.: accessing information, annotating the Board packet and maintaining confidentiality.

V. *Litigation Update (Melanie Symons, Kate Talley)*

- *Erene Briese* – The oral argument was presented on May 19, 2011. We are awaiting the decision.
- *Ober Spear* – A reply is due July 22, 2011, to Mr. Spear's response. A copy of our brief and Mr. Spear's response is provided in the Board packet. The Department of Justice has moved for summary judgment in the wrongful termination action Mr. Spear filed against the state.
- *MT Watchdog Request* – A copy of our response to the Attorney General's Office in regards to the request for information is provided in the Board packet. We are awaiting the AG's final decision.

Informational items

VI. *Colorado and Minnesota Court Decisions Approving COLA Changes*

VII. *Next Board Meetings – August 11 and September 8*

VIII. *Board Retreat – Wednesday all day, September 7th; Thursday pm, September 8th*

Discussion was held on whether or not to hire a facilitator for the Board retreat. There was concern that a facilitator was not needed and it was suggested that instead we have a staff person facilitate the meeting. It was also mentioned that we should not spend the money for a facilitator. It was agreed that a facilitator keeps people focused, keeps the meeting moving along, makes sure that they get consensus from everybody and will be an objective person that will help flush out information in a completely non-biased way. It was also noted that facilitator fees were already approved by the Board in this year's budget. The Board agreed to hire a facilitator for the Board retreat.

IX. *Montana State Firemen's Association (MSFA) Convention – July 13-15, Butte*

Ms. Minnehan will be presenting at the Convention, Friday, July 15th at 10:00 a.m.

CLOSED MEETING

The following portion of the meeting relates to matters of individual privacy. The Board President determined that the demands of individual privacy clearly exceeded the merits of public disclosure. As such, this portion of the meeting was closed as of 12:35 p.m.

Closed Meeting Summary

Meeting Minutes

Motion: Member Dianna Porter moved to approve the minutes of the June 9, 2011, PERB Closed Meeting.

Second: Vice President Terrence Smith

Vote: 5/0 – Members Patrick McKittrick and Timm Twardoski abstained due to their absence at this meeting.

Contested Cases

The Board considered one Informal Consideration regarding system membership. The Board moved to reverse the staff determination and directed staff to reinstate full contributions and service for the member in the MPORS.

Disability Report (Julie Reardon)

- *Initial Claims* – The Board approved four disability claims.
- *Disability Reviews* – The Board denied one PERS disability claim; moved to continue one PERS disability review; and moved to discontinue one PERS disability.
- *Disability Conversations* – Four PERS disabilities, one SRS disability and one MPORS disability were converted to service retirement.

Finalized Service Retirements/Death Benefits (Patricia Davis)

Motion: Member Scott Moore moved to approve the finalized service retirements/death benefits with the addendum.

Second: Member Dianna Porter

Vote: 7/0

ADJOURNMENT

There being no further business before the Board, President Nielsen adjourned the regular meeting at approximately 2:15 p.m. The next regular meeting will be Thursday, August 11, 2011, at 8:30 am.

John Nielsen, President

ATTEST:

Roxanne M. Minnehan, Executive Director